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**MAWSON RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
NOVEMBER 30, 2017

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	November 30, 2017 \$	May 31, 2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	12(i)	3,542,620	4,921,999
Amounts receivable		689	21,051
GST/VAT receivable		20,825	477,997
Prepaid expenses and deposits		<u>121,828</u>	<u>141,843</u>
<b>Total current assets</b>		<u>3,685,962</u>	<u>5,562,890</u>
<b>Non-current assets</b>			
Investments	4	27,674	35,176
Property, plant and equipment	5	24,692	33,041
Exploration and evaluation assets	6	19,162,652	17,921,633
Deferred share issue costs	12(i)	<u>17,205</u>	<u>-</u>
<b>Total non-current assets</b>		<u>19,232,223</u>	<u>17,989,850</u>
<b>TOTAL ASSETS</b>		<u>22,918,185</u>	<u>23,552,740</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>406,363</u>	<u>843,418</u>
<b>TOTAL LIABILITIES</b>		<u>406,363</u>	<u>843,418</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	48,723,213	48,301,018
Share subscriptions received	12(i)	143,500	-
Share-based payments reserve		7,032,517	6,958,017
Deficit		(33,353,479)	(32,523,286)
Accumulated other comprehensive loss		<u>(33,929)</u>	<u>(26,427)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>22,511,822</u>	<u>22,709,322</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>22,918,185</u>	<u>23,552,740</u>

Events after the Reporting Period - see Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 12, 2018 and are signed on its behalf by:

/s/ Michael Hudson  
Michael Hudson  
Director

/s/ Nick DeMare  
Nick DeMare  
Director

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended November 30		Six Months Ended November 30	
		2017 \$	2016 \$	2017 \$	2016 \$
<b>Expenses</b>					
Accounting and administration	8(b)	25,463	24,225	50,255	45,811
Audit		-	29,070	31,885	29,070
Corporate development		28,881	12,184	55,311	12,184
Depreciation	5	4,175	2,836	8,349	5,672
Directors and officers compensation	8(a)	67,640	64,500	140,832	129,000
General exploration	8(a)	28,409	18,093	45,911	38,563
Legal		38,099	10,111	41,918	10,436
Office and sundry		18,774	12,511	32,234	28,443
Professional fees		54,762	55,983	101,562	84,553
Regulatory fees		4,200	3,461	15,598	11,200
Rent		16,637	18,202	34,219	36,085
Salaries and benefits		29,387	49,686	57,902	70,226
Share-based compensation	7(d)	-	877,800	84,000	877,800
Shareholder costs		271	8,355	8,195	10,590
Transfer agent		7,171	4,171	7,679	4,679
Travel		57,960	85,316	133,246	162,007
		<u>381,829</u>	<u>1,276,504</u>	<u>849,096</u>	<u>1,556,319</u>
<b>Loss before other items</b>		<u>(381,829)</u>	<u>(1,276,504)</u>	<u>(849,096)</u>	<u>(1,556,319)</u>
<b>Other items</b>					
Realized loss on sale of investment		-	(575,000)	-	(575,000)
Interest and other income		11,919	5,782	23,705	14,221
Foreign exchange		16,686	(2,682)	(4,802)	(6,058)
		<u>28,605</u>	<u>(571,900)</u>	<u>18,903</u>	<u>(566,837)</u>
<b>Net loss for the period</b>		<u>(353,224)</u>	<u>(1,848,404)</u>	<u>(830,193)</u>	<u>(2,123,156)</u>
<b>Other comprehensive (loss) income</b>		<u>(1,240)</u>	<u>617,198</u>	<u>(7,502)</u>	<u>657,860</u>
<b>Comprehensive loss for the period</b>		<u>(354,464)</u>	<u>(1,231,206)</u>	<u>(837,695)</u>	<u>(1,465,296)</u>
<b>Basic and diluted loss per common share</b>		<u>\$(0.00)</u>	<u>\$(0.02)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>
<b>Weighted average number of common shares outstanding</b>		<u>105,493,712</u>	<u>90,307,863</u>	<u>105,400,787</u>	<u>90,307,863</u>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

**Six Months Ended November 30, 2017**

	<u>Share Capital</u>		Share Subscriptions Received \$	Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income \$	Total Equity \$
	Number of Shares	Amount \$					
<b>Balance at May 31, 2017</b>	105,307,863	48,301,018	-	6,958,017	(32,523,286)	(26,427)	22,709,322
Common shares issued for:							
- finder's warrants exercised	18,750	5,625	-	-	-	-	5,625
- warrants exercised	1,303,565	391,070	-	-	-	-	391,070
- share options exercised	80,000	16,000	-	-	-	-	16,000
Share subscriptions received	-	-	143,500	-	-	-	143,500
Transfer on exercise of share options	-	8,000	-	(8,000)	-	-	-
Transfer on exercise of finder's warrants	-	1,500	-	(1,500)	-	-	-
Share-based compensation	-	-	-	84,000	-	-	84,000
Unrealized loss on investments	-	-	-	-	-	(7,502)	(7,502)
Net loss for the period	-	-	-	-	(830,193)	-	(830,193)
<b>Balance at November 30, 2017</b>	<u>106,710,178</u>	<u>48,723,213</u>	<u>143,500</u>	<u>7,032,517</u>	<u>(33,353,479)</u>	<u>(33,929)</u>	<u>22,511,822</u>

**Six Months Ended November 30, 2016**

	<u>Share Capital</u>		Share Subscriptions Received \$	Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income \$	Total Equity \$
	Number of Shares	Amount \$					
<b>Balance at May 31, 2016</b>	90,307,863	42,327,191	-	6,071,217	(29,471,192)	(721,150)	18,206,066
Share subscriptions received	-	-	276,000	-	-	-	276,000
Share-based compensation	-	-	-	877,800	-	-	877,800
Unrealized income on investments	-	-	-	-	-	47,860	47,860
Reclassification of adjustment on sale of investment	-	-	-	-	-	610,000	610,000
Net loss for the period	-	-	-	-	(2,123,156)	-	(2,123,156)
<b>Balance at November 30, 2016</b>	<u>90,307,863</u>	<u>42,327,191</u>	<u>276,000</u>	<u>6,949,017</u>	<u>(31,594,348)</u>	<u>(63,290)</u>	<u>17,894,570</u>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Six Months Ended November 30,	
	2017 \$	2016 \$
<b>Operating activities</b>		
Net loss for the period	(830,193)	(2,123,156)
Adjustments for:		
Depreciation	8,349	5,672
Share-based compensation	84,000	877,800
Realized loss on sale of investment	-	575,000
Changes in non-cash working capital items:		
Amounts receivable	20,362	(6,906)
GST/VAT receivables	457,172	10,279
Prepaid expenses and deposits	20,015	37,677
Accounts payable and accrued liabilities	(84,368)	13,797
<b>Net cash used in operating activities</b>	<u>(324,663)</u>	<u>(609,837)</u>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(1,593,706)	(701,641)
Proceeds on sale of investment	-	140,000
Additions to property, plant and equipment	-	(3,970)
<b>Net cash used in investing activities</b>	<u>(1,593,706)</u>	<u>(565,611)</u>
<b>Financing activities</b>		
Issuance of share capital	412,695	-
Share subscriptions received	143,500	276,000
Deferred share issue costs	(17,205)	(2,699)
<b>Net cash provided by financing activities</b>	<u>538,990</u>	<u>273,301</u>
<b>Net change in cash</b>	(1,379,379)	(902,147)
<b>Cash at beginning of period</b>	<u>4,921,999</u>	<u>4,087,254</u>
<b>Cash at end of period</b>	<u>3,542,620</u>	<u>3,185,107</u>

**Supplemental cash flow information - Note 10**

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

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**1. Nature of Operations**

Mawson Resources Limited (the “Company”) was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). The Company is listed and trades on the Toronto Stock Exchange (“TSX”) under the symbol “MAW”. The Company’s head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at November 30, 2017 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

As at November 30, 2017 the Company had working capital in the amount of \$3,279,599. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. See also Note 12.

**2. Basis of Preparation**

*Statement of Compliance*

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended May 31, 2017.

*Basis of Measurement*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

*Comparative Figures*

Certain of the prior period’s comparative figures have been reclassified to conform with the current period’s presentation.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

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**3. Subsidiaries**

The subsidiaries of the Company are:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Mawson AB	Sweden	100%
Mawson Oy	Finland	100%
Mawson Canada Pty Ltd.	Australia	100%

**4. Investments**

<u>As at November 30, 2017</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Carrying</u>	
	<u>\$</u>	<u>(Loss) Gain</u>	<u>Value</u>	
		<u>\$</u>	<u>\$</u>	
Common shares				
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(40,750)	4,250
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>6,821</u>	<u>23,424</u>
		<u>61,603</u>	<u>(33,929)</u>	<u>27,674</u>

<u>As at May 31, 2017</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Carrying</u>	
	<u>\$</u>	<u>Unrealized</u>	<u>Value</u>	
		<u>(Loss) Gain</u>	<u>\$</u>	
Common shares				
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(39,937)	5,063
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>13,510</u>	<u>30,113</u>
		<u>61,603</u>	<u>(26,427)</u>	<u>35,176</u>

The carrying values of the investments were determined using quoted market values.



**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

**5. Property, Plant and Equipment**

	Office Furniture and Equipment \$	Field Equipment \$	Vehicles \$	Total \$
<b>Cost:</b>				
Balance at May 31, 2016	10,458	74,069	158,504	243,031
Disposal	<u>-</u>	<u>5,535</u>	<u>24,652</u>	<u>30,187</u>
Balance at May 31, 2017 and November 30, 2017	<u>10,458</u>	<u>79,604</u>	<u>183,156</u>	<u>273,218</u>
<b>Accumulated Depreciation:</b>				
Balance at May 31, 2016	(9,882)	(54,017)	(154,017)	(217,916)
Depreciation	<u>(53)</u>	<u>(9,327)</u>	<u>(12,881)</u>	<u>(22,261)</u>
Balance at May 31, 2017	(9,935)	(63,344)	(166,898)	(240,177)
Depreciation	<u>(262)</u>	<u>(4,700)</u>	<u>(3,387)</u>	<u>(8,349)</u>
Balance at November 30, 2017	<u>(10,197)</u>	<u>(68,044)</u>	<u>(170,285)</u>	<u>(248,526)</u>
<b>Carrying Value:</b>				
Balance at May 31, 2017	<u>523</u>	<u>16,260</u>	<u>16,258</u>	<u>33,041</u>
Balance at November 30, 2017	<u>261</u>	<u>11,560</u>	<u>12,871</u>	<u>24,692</u>

**6. Exploration and Evaluation Assets**

	<u>As at November 30, 2017</u>			<u>As at May 31, 2017</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rompas-Rajapalot	2,460,327	16,474,431	18,934,758	2,297,575	15,615,769	17,913,344
Other	<u>104,496</u>	<u>123,398</u>	<u>227,894</u>	<u>7,548</u>	<u>741</u>	<u>8,289</u>
	<u>2,564,823</u>	<u>16,597,829</u>	<u>19,162,652</u>	<u>2,305,123</u>	<u>15,616,510</u>	<u>17,921,633</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

**6. Exploration and Evaluation Assets (continued)**

	<b>Rompas- Rajapalot \$</b>	<b>Other \$</b>	<b>Total \$</b>
<b>Balance at May 31, 2016</b>	<u>14,086,428</u>	<u>8,289</u>	<u>14,094,717</u>
<b>Exploration costs</b>			
Assays	306,470	-	306,470
Consulting	41,337	-	41,337
Core logging	36,830	-	36,830
Drilling	2,441,774	-	2,441,774
Exploration site	7,021	-	7,021
Field equipment	9,637	-	9,637
Field workers	66,853	-	66,853
Fuel	12,243	-	12,243
Geological	180,029	-	180,029
Geophysics	86,320	-	86,320
Salaries and benefits	490,872	-	490,872
Vehicle rental	20,963	-	20,963
	<u>3,700,349</u>	<u>-</u>	<u>3,700,349</u>
<b>Acquisition costs</b>			
Mining rights	<u>126,567</u>	<u>-</u>	<u>126,567</u>
<b>Balance at May 31, 2017</b>	<u>17,913,344</u>	<u>8,289</u>	<u>17,921,633</u>
<b>Exploration costs</b>			
Assays	228,998	1,758	230,756
Consulting	26,520	-	26,520
Core logging	2,652	-	2,652
Drilling	54,143	-	54,143
Exploration site	737	-	737
Field equipment	10,814	1,697	12,511
Field workers	63,779	-	63,779
Fuel	3,743	-	3,743
Geological	149,107	102,878	251,985
Geophysics	31,615	-	31,615
Salaries and benefits	262,372	-	262,372
Travel	9,336	16,324	25,660
Vehicle rental	14,846	-	14,846
	<u>858,662</u>	<u>122,657</u>	<u>981,319</u>
<b>Acquisition costs</b>			
Mining rights	<u>162,752</u>	<u>96,948</u>	<u>259,700</u>
<b>Balance at November 30, 2017</b>	<u>18,934,758</u>	<u>227,894</u>	<u>19,162,652</u>

***Rompas -Rajapalot***

As at November 30, 2017 the Company holds a total of 15 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

During the six months ended November 30, 2017 the Company did not complete any equity financings. See also Note 12(i).

During fiscal 2017 the Company completed a non-brokered private placement of 15,000,000 units of the Company at \$0.40 per unit for gross proceeds of \$6,000,000 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.60 for a period of two years expiring December 2, 2018. The Company incurred \$26,173 for legal and filing costs associated with the private placement. A significant minority shareholder of the Company acquired 5,378,066 units of this private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	15,378,944	0.45	17,113,272	0.45
Exercised	(1,322,315)	0.30	-	-
Expired	-	-	(4,672,208)	0.65
Balance, end of period	<u>14,056,629</u>	0.46	<u>12,441,064</u>	0.37

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2017:

Number	Exercise Price \$	Expiry Date
6,556,629	0.30	December 2, 2017
<u>7,500,000</u>	0.60	December 2, 2018
<u>14,056,629</u>		

See also Note 12.

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Share Capital (continued)**

During the six months ended November 30, 2017 the Company granted share options to purchase 400,000 (2016 - 4,620,000) common shares and recorded compensation expense of \$84,000 (2016 - \$877,800).

The fair value of share options granted and vested during the six months ended November 30, 2017 and 2016 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2017</u>	<u>2016</u>
Risk-free interest rate	0.79%	0.53%
Estimated volatility	85%	83%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the six months ended November 30, 2017 was \$0.21 (2016 - \$0.19) per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at November 30, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	<u>2017</u>		<u>2016</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	5,050,000	0.35	4,170,000	0.51
Granted	400,000	0.39	4,620,000	0.35
Exercised	(80,000)	0.20		
Expired	<u>(300,000)</u>	0.45	<u>(3,790,000)</u>	0.52
Balance, end of period	<u>5,070,000</u>	0.35	<u>5,000,000</u>	0.35

The following table summarizes information about the share options outstanding and exercisable at November 30, 2017:

Number	Exercise Price \$	Expiry Date
4,620,000	0.35	September 23, 2019
50,000	0.365	May 12, 2020
<u>400,000</u>	0.39	June 15, 2020
<u>5,070,000</u>		

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2017**  
*(Unaudited - Expressed in Canadian Dollars)*

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**8. Related Party Disclosures**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) *Transactions with Key Management Personnel*

During the six months ended November 30, 2017 and 2016 the following compensation amounts were incurred:

	2017 \$	2016 \$
Professional fees and salaries	294,641	245,491
Share-based compensation	<u>84,000</u>	<u>684,000</u>
	<u>378,641</u>	<u>929,491</u>

During the six months ended November 30, 2017 the Company allocated the \$294,641 (2016 - \$245,491) professional fees and salaries based on the nature of the services provided: expensed \$140,832 (2016 - \$129,000) to directors and officers compensation; \$2,800 (2016 - \$nil) to general exploration costs; \$nil (2016 - \$6,340) to salaries and benefits; and capitalized \$151,009 (2016 - \$110,151) to exploration and evaluation assets. As at November 30, 2017 \$58,765 (May 31, 2017 - \$40,967) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with its Chairman and CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at \$12,000 per month, is payable. If the termination had occurred on November 30, 2017, the amount payable under the agreement would be \$360,000.

(b) During the six months ended November 30, 2017 the Company incurred a total of \$30,500 (2016 - \$28,200) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$2,010 (2016 - \$2,010) for rent. As at November 30, 2017 \$4,170 (May 31, 2017 - \$3,670) remained unpaid and has been included in accounts payable and accrued liabilities.

(d) See also Note 7(b).

**9. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2017 \$	May 31, 2017 \$
Cash	FVTPL	3,542,620	4,921,999
Amounts receivable	Loans and receivables	689	21,051
Investments	Available-for-sale	27,674	35,176
Accounts payable and accrued liabilities	Other liabilities	(406,363)	(843,418)

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**9. Financial Instruments and Risk Management (continued)**

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities and time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The Company's fair value of cash and investments under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the potential loss related to the credit risk included in cash and amounts receivable is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	<b>Contractual Maturity Analysis at November 30, 2017</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	3,542,620	-	-	-	3,542,620
Amounts receivable	689	-	-	-	689
Investments	-	-	27,674	-	27,674
Accounts payable and accrued liabilities	(406,363)	-	-	-	(406,363)
	<b>Contractual Maturity Analysis at May 31, 2017</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	4,921,999	-	-	-	4,921,999
Amounts receivable	21,051	-	-	-	21,051
Investments	-	-	35,176	-	35,176
Accounts payable and accrued liabilities	(843,418)	-	-	-	(843,418)

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**9. Financial Instruments and Risk Management (continued)**

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, Euros and Swedish Kronors ("SEK"). The Company maintains Euros bank accounts in Finland, SEK bank accounts in Sweden, and a US Dollar bank account in Canada to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At November 30, 2017, 1 Canadian Dollar was equal to 0.65 Euro, 6.49 SEK and 0.78 US Dollar.

Balances are as follows:

	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	166,705	58,802	145,428	451,976
GST / VAT receivable	11,108	1,334	-	17,295
Accounts payable and accrued liabilities	<u>(157,831)</u>	<u>(37,356)</u>	<u>(35,951)</u>	<u>(294,665)</u>
	<u>19,982</u>	<u>22,780</u>	<u>109,477</u>	<u>174,606</u>

Based on the net exposures as of November 30, 2017 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK and US Dollar would result in the Company's net loss being approximately \$44,000 higher (or lower).

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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**10. Supplemental Cash Flow Information**

During the six months ended November 30, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 \$	2016 \$
Operating activity		
Accounts payable and accrued liabilities	<u>352,687</u>	<u>26,249</u>
Investing activity		
Exploration and evaluation assets	<u>(352,687)</u>	<u>(26,249)</u>

**11. Segmented Information**

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in Finland and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at November 30, 2017			
	Canada \$	Finland \$	Other \$	Total \$
Current assets	3,316,471	348,568	20,923	3,685,962
Investments	27,674	-	-	27,674
Property, plant and equipment	-	24,692	-	24,692
Exploration and evaluation assets	-	18,934,758	227,894	19,162,652
Deferred share issue costs	<u>17,205</u>	<u>-</u>	<u>-</u>	<u>17,205</u>
	<u>3,361,350</u>	<u>19,308,018</u>	<u>248,817</u>	<u>22,918,185</u>
	As at May 31, 2017			
	Canada \$	Finland \$	Other \$	Total \$
Current assets	4,943,652	586,221	33,017	5,562,890
Investments	35,176	-	-	35,176
Property, plant and equipment	523	32,518	-	33,041
Exploration and evaluation assets	<u>-</u>	<u>17,913,344</u>	<u>8,289</u>	<u>17,921,633</u>
	<u>4,979,351</u>	<u>18,532,083</u>	<u>41,306</u>	<u>23,552,740</u>

**12. Events after the Reporting Period End**

Subsequent to November 30, 2017:

- (i) the Company completed a private placement of 15,023,285 units of the Company at \$0.35 per unit for gross proceeds of \$5,258,150 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.50 on or before December 8, 2019. The Company paid finders' fees of \$274,749 and issued compensation options to acquire 773,702, at a price of \$0.44 per share on or before December 8, 2019. The Company also issued finder's warrants to acquire 1,290 common shares at a price of \$0.50 on or before December 8, 2019.



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**12. Events after the Reporting Period End**

Certain directors and officers of the Company purchased 425,000 units of this offering.

As at November 30, 2017 the Company had received share subscriptions totalling \$143,500 and incurred share issue costs of \$17,205 on this private placement.

- (ii) warrants to purchase 5,698,499 common shares of the Company at an exercise price of \$0.30 per share expired without exercise; and
- (iii) the Company issued a total of 858,130 common shares for proceeds of \$257,439 on the exercise of warrants.